SPEECH

OF

MR. WILLIAMS OF MASSACHUSETTS,

ON THE

INDEPENDENT TREASURY BILL.

In the House of Representatives, June 4, 1840—In Committee of the Whole on the state of the Union, on the bill "to provide for the collection, safekeeping, transfer, and disbursement of the public revenue."

Mr. CHAIRMAN: I rise to make a few remarks in reply to those which have been urged against the passage of the bill now under consideration. In doing so, it is not my intention to traverse over the whole subject, but to meet a few prominent objections by unvarnished arguments, and a plain array of fac's.

The discussion of this bill, sir, was commenced, and has been followed up, by a denunciation of it as an Executive and aristocratic measure. That it has been recommended by the President, is conceded; but does it thence follow that it is an aristocratic measure? What does it propose? In the first place, to dispense with the use of banks in the collection, safekeeping, and disbursement of the public revenue, and for these purposes to employ responsible officers, appointed by the President, with the advice and consent of the Sena'e; secondly, to require the revenue to be deposited in the Treasury, or its branches, prohibiting any use or loan of it, except in the legal disbursements of Government, under severe penalties of fine and imprisonment; and thirdly, to require, in the course of three years, all dues to be received, and all disbursements to be made, in gold and silver. These are the main provisions of the bill.

In opposition to this, I understand gentlemen to advocate the employment of banking institutions—irresponsible privileged associations—with power to use the public revenue as a fund on which to make loans and discounts for the benefit of their officers, stockholders, and customers.

These, sir, are the two propositions now at issue; and it must be manifest that they involve great and fundamental principles of Government. The question between them is not a mere choice of measures under one and the same theory of Government; but they present, or necessarily involve, two opposite theories—antagonistical principles of Government. The one is founded in a distrust of the people; the other in faith and the capacity of the people for self-government. They distinctly present the issue, whether the many or the few—whether responsible or irresponsible power, shall predominate in the administration of the Government?

The bill under consideration recognises the supremacy and the capacity of the people for self-government, by entrusting the safekeeping and the disbursements of the public revenue to individual agents, appointed by, and responsible to, the Government of the people, for the use and benefit, not of a class or corporation, but of the whole people. Under this system, the equal rights and sovereignty of the people are not only theoretically, but practically acknowledged.

The bank deposite system, on the other hand, necessarily restricts the practical sovereignty of the people, by entrusting the revenue to the possession and use of corporations, unknown to the Constitution of the United States, having charters irrepealable by Congress, and being incapable of ignominious punishment. It takes the public money, raised for the public service, converts it into bank paper, and, as has been truly said, leaves the Government with only a mere right of ac'ion against the incorporations entrusted with its keeping. Is such a system calculated to give supremacy to the popular will? No, sir: it renders the Government dependent upon institutions irresponsible to the people. The tendency, if not the design of it, is, not so much the safekeeping of the revenue, as to secure to the favored few the use and control of it. But the control of the revenue is an important branch of sovereignty. Shall this, then, be transferred to irresponsible banking corporations? If it is, what becomes of the boasted sovereignty of the people? It is an old maxim, "to divide sovereignty is to destroy it." The moment,

then, our revenue is controlled by the banks, it ceases to be by the people; and our Government, so far as the control of the revenue is concerned, ceases to be a Government of the people, and becomes one of money changers. Its character is changed—the sovereignty departs from the people—is transferred from the many to the few.

Such a system may not be inconsistent with the theories of other Governments, for they lodge the sovereignty and the right to govern in the hands of a class. But it is not so with us; for here the people are supposed to be wiser and more competent than the few to govern and control. Hence to delegate to the members of corporations, associated together for the mere purposes of private gain, the choice of the fiscal agents of Government, is clearly contrary to the spirit of our free institutions—is anti-democratic. It assumes the aristocratic principle, and strikes at the very root of liberty.

The same course of reasoning that leads to a transfer of the fiscal operations of Government to moneyed associations, would lead to a like transfer of its various other departments. If members of corporations—the moneyed few—are better qualified than the people, or their responsible representatives, to choose the fiscal agents, as is done in the choice of bank officers, under the deposite system, does it not follow that they must be, so in the choice of the Executive, Judicial, and Legislative, officers of Government? Incompetency in the one case clearly implies it in the others.

An insuperable objection is thus presented, in the very outset, to the bank deposite system. It is clearly repugnant to the first great principles of our Government—the sovereignty and capacity of the people for self-government.

But it is stongly urged against the measure under consideration, that it will injure the manufacturer and rob labor of its honest reward. If I believed, Mr. Chairman, such was to be the effect or tendency of the measure, I would be one of the last to support it; for I know of no interest more worthy the fostering care of Government than that of labor. I know of no portion of the community that has stronger claims for protection than the laborers of our country. Whatever of prosperity it has enjoyed, has been mainly derived from their hands. They have been the source of its wealth, and the architects of its glory. Through their efforts the forest has bowed, and the wilderness been made joyful with the notes of industry and freedom. Towns, cities, and States, have sprung into being, and the mighty tide of empire and of civilization has been sweeping on, on each revolving year, with new and accelerated rapidity, to the broad waters of the Pacific.

But the charge is made, and how is it sustained? How is the anticipated effect to be produced? Is it, as contended, by the prostration, of banks, of credit, and of a paper currency? And is this bill adequate to produce such results? No, sir. There is nothing in it to endanger sound and well regulated banking institutions. It provides for the separation of Government from the vicissitudes of business, and from the corrupt abuses of which banks are the source; but it makes no war upon them. It encroaches not upon their rights. It is a mere dissolution of partnership. The measure leaves them to their own resources, and the indulgent care of their creators, the State Legislatures. Will this, sir, destroy the banks? Not, surely, if they have any solid basis to rest upon. The idea that a mere separation will prove their destruction, can only be founded on the supposition of their entire and inherent weakness and rottenness. If they are sound institutions—if they have any better foundation than public credulity—they can and will exist, notwithstanding the passage of this bill.

It is not a measure offensive but defensive, and necessary to the independence, protection, and proper administration of the Government. The moment the public money is deposited in the banks, the dangerous power is given to a privileged class to bankrupt the Treasury, and arrest the wheels of Government. The experiment has been tried. With over thirty millions of surplus revenue on hand, we have seen the Government, through their plighted faith, not only deprived of its use, and embarrassed, but denounced for its poverty and bankruptcy. Shall the humiliating spectacle of 1837 be again presented to the world? Let us, sir, at least save the Republic from such discredit and disgrace, by the passage of the bill under consideration.

This, sir, is necessary, not only to render the funds of the Government available for the uses of the Government, but to the uniform action of the banks themselves. It will check overaction by withdrawing from their use the public money, the most active cause of the wide spread embarrassments of 1837. This induces them to expand most when money is plenty, and to contract most when their assistance is most needed to save the business community from bankruptcy and ruin. Confine them to their own resources, and they will do a safer business; their circulation will be more uniform than when banking upon the uncertain amount of the public money in deposite. As this varies, not only from year to year, but in different parts of the same year, the use of it by the banks, as a basis for issue or discount, must inevitably tend to increase fluctuation, unsettle markets, and aggravate all the evils of our banking system.

Such, sir, was the opinion of the late President of the United States Bank before the present measure was proposed and made the dividing line of parties. Upon the reorganization of that Bank, in 1836, he not only declared the Bank "*safer, stronger, and more prosperous than it ever was*," but that "*it was an original misfortune in the structure of the Bank that it was in any way connected with persons in office.* The instincts of all political power make that association dangerous—*useful to neither party—injurious to both.*"

But it is objected that it will withdraw the public money from the business of the country. What right, sir, have the banks and merchants to its custody and use? Is our revenue raised for the support of Government, or for purposes of private gain and speculation? Sir, we have no right to tax the people, to collect a revenue, for such individual and selfish purposes. Such dangerous power has not been delegated to Congress—has not been surrendered by the people. Why, then, abuse the taxing power? Why, then, pervert the public revenue from its legitimate ends to enable bankers

and speculators to thrive upon the Government? Our taxes are mainly collected from the consumers—are paid about equally by the poor as well as the rich. Why, then, should the bankers be the only gainers by the people's money? Are they more meritorious—truer or more devoted friends of their country? If not, why should the revenue go to make the rich richer? Is it showing friendship for the laboring community to exact the property of the laborer in taxes, and take only the promises of the banker?

The system, sir, is unequal, unjust, and dangerous. It adds to the insecurity of the public money in the Treasury, all the risks of banking, trading, and speculation. It taxes the people not merely for the support of Government, but to create a fund for the use of a favored class. It is a species of favoritism at war with sound morality, with Republican legislation, and unworthy of a free and enlightened people.

Strong exceptions have been taken to the provisions of the bill for the collection of the revenue in gold and silver. To all that has been urged on this head, it is a sufficient answer, that no other currency is recognised by the Constitution—that no other currency will enable the Government to meet the demands which may be made upon the Treasury. Every citizen has the right, by the laws of the land, to exact specie in the payment of his debts. Why should the Government be content with less? My colleague [Mr. Cushing] gives, as a reason, that it will furnish one and a superior currency for the Government, and another and inferior one for the people. But how so, when it only exercises a right secured to every citizen? How is it to benefit the office holders, if our bank paper is redeemable in, and, as contended, equivalent to gold and silver? It will not then affect prices; it will not then command a premium; and of course it will then confer no benefit to the office holder. But when the reverse is the case—when paper ceases to be the representative of what it purports to be—ceases as a whole to be convertible into specie—in a word, becomes depreciated—in that case, my colleague admits, it should not be received into the Treasury.

In either view, then, there is no soundness in the objection. It mistakes altogether the character of our free institutions. While our Government is a Government of the people, the interests of the two cannot be distinct. What is best for the Government will then be best for the people.

Nor is there any just ground to fear that its operation will drain the banks, and accumulate the specie of the country in the vaults of the Treasury. The calls for specie will not be sufficient in amount to produce such effects. As the disbursements are going out during the whole process of receipts, but a small amount of specie will be required to meet the wants of the Treasury. Large estimates have been presented to alarm the country. But such are not the opinions of those who possess the best means of arriving at accurate conclusions. After full investigation, it is believed the whole amount required will not exceed four or five millions. This is the estimate of the Secretary of the Treasury, founded upon the past action of the Government. Now if the whole of this amount should be withdrawn in a single year, it would not cause a greater variation than has often been produced, during the same period, by the operations of commerce. But as the change is to be gradual, and ample time is allowed for specie to flow in to supply the place of such as may be required for the use of Government, the bill affords no ground whatever to fear the consequences predicted.

Indeed, the very supposition, that such effects are to flow from the bill, is negatived by the arguments of every gentleman who has yet addressed the House on the subject. For while they have labored to create the belief that this measure will hoard specie, destroy banks, and introduce an exclusive metallic currency, they have hesitated not at the same time to denounce it as a Treasury Bank—"a rag manufactory"—whose issues are destined to enter largely into the circulating medium of the country. Both arguments, it is evident, cannot be sound; and I leave it to the country to say whether either is; and whether such reasoning and inconsistency can have any better foundation than an attempt to mislead and deceive the people into subserviency to party views and party aggrandisement.

But the opponents of this measure have not been content with merely predicting evil from its future operations. In their zeal to render it odious to the people, they have gone further, and charged upon the policy of the Administration, in introducing the bill, all the curtailment of business, all the reduction of prices, and of the rates of wages, that have taken place during the last six months. This is a very brief, and it may be a very politic way, for them to account for the existing embarrassments; but, sir, is it the true way? Why attribute to the Government the present revulsion more than those which occurred under prior Administrations? It is not so great, so universal, or desolating, as those under the reign of the United States Bank in 1819, '22, '25, and '28-9. We have now seen, in the Northern cities at least, but very few failures; whereas at each of the former periods, they were very numerous. In 1825, during the short space of two months, there were no less than eighty failures in the city of Boston alone, exceeding in amount *three millions of dollars.* And so great were the embarrassments among manufacturers in 1829, that, within the circle of ten adjacent miles of Providence, "upwards of *twenty-five hundred* people were suddenly and unexpectedly thrown out of employment in the short space of ten days!"

If such revulsions "fairly belonged to the vibrations of trade," as contended by an honorable Senator, [Mr. Davis,] may not the one from which the country is now recovering, be much more fairly accounted for on other causes than the action of this Administration? Why, then, attribute to this source existing embarrassments? Is it not losing sight of truth for party ends? Is it not bearing false testimony against the Government of the people? And is such conduct becoming patriots intent only on their country's good?

Sir, if there is stagnation of business, it is but the exhaustion consequent upon overaction

and excess. Merchants have overtraded, the banks have overissued, and the States have contracted debts beyond the bounds of prudence, or their present ability to pay. These are the sources of our country's embarrassments. And what has the Administration done to produce these unfortunate results? Did it cause the States to run up their debts in Europe to the amount of $170,000,000 for wild projects of internal improvement? Did it charter the nine hundred State banks, and flood the country with their issues? Did it cause the banks to grant their loans and discounts to favored directors and reckless speculators, instead of dividing them among business men to uphold the business of the country? No, sir; these are not the acts of this Administration; nor is it answerable for their bitter fruits—for the doings of the States acting in their sovereign capacities. It is their unequal and vicious legislation which has plunged the country into embarrassment, and to them belongs the odious responsibility.

But we are told that States, where the friends of the Administration have had the majority, have largely increased their banking capital. True, sir; but how was the increase effected? By the votes of the majority of the Democratic members of those Legislatures? There are few, if any, instances where such has been the case, The increase of banks has generally been caused by the votes of the Opposition with the aid of a few, perhaps interested, Democrats. If there are instances to the contrary, they are but exceptions to the general rule.

Nor is the Administration responsible for the depression in the price of agricultural products. Some of these, it is true, are now low; but not more so than they have been periodically for the last twenty years. From the following table, exhibiting the prices of flour, beef, tobacco, and pork, in the city of New York, it will be seen, that the prices of each article named, was higher in March last, than in 1834, in 1830, or in 1828:

	Flour.	Beef.	Tobacco.	Pork.
1828, March,	5.12½	6.00	4½	8.62
" Sept,	6.12½	6.50	4	10.75
1829, March,	8.00	7.25	4½	9.87
" Sept,	5.62	7.62½	5	10.75
1830, March,	5.00	6.00	5½	9.00
" Sept,	5.25	6.00	4½	9.87
1831, March,	7.12	5.75	4½	10.25
" Sept,	5.87	4.87½	4½	11.00
1832, March,	5.87	5.50	4½	10.87
" Sept,	6.00	5.50	5	11.87
1833, March,	6.25	5.50	—	10.75
" Sept,	5.75	6.00	6	11.87
1834, March,	4.75	5.75	6¼	10.00
" Sept,	5.37	6.25	7	9.25
1835, March,	5.62	7.00	7½	10.00
" Sept,	5.87½	8.62	8	14.25
1836, March,	7.75	6.75	7½	16.25
" Sept,	9.25	7.25	7½	18.25
1837, March,	12.00	8.50	7½	18.25
" Sept,	9.62	9.00	7½	13.00
1838, March,	8.12	11.25	7½	14.00
" Sept,	8.50	12.00	12½	18.50
1839, March,	8.37	11.50	11½	18.62
" Sept,	6.50	11.00	10	13.00
1840, March,	5.75	9.25	11	13,00

The average price of flour per barrel, in Philadelphia, during the present Administration, has exceeded $7 00; during General Jackson's last term, according to a table published in Hazard's Register, it was $6 16; during his first term, it was $5 63; during Mr. Adams's term, it was $5 14; and during Mr. Monroe's last term, it was $5 95; thus showing, if high prices are to be the test of merit, the preference is to be given to the present over the preceding Administrations.

But notwithstanding all this, we hear much said about the fall of prices, as if it was something new and unprecedented, and all the work of the Administration. Is there any connection between the two? What, sir, is price? It is defined as the relative proportion existing between the amount of money and the amount of commodities in the market. It can, then, only be altered by an undue depression or increase of the one or the other. During the past year, we have witnessed both. We have had a bountiful harvest, and a great curtailment of bank issues; and hence the fall of prices. But has the Administration caused either? Has it increased the amount of commodities? No, sir. These are not the fruits of our legislation, but the products of industry and the seasons. To charge the Administration, then, with the fall of prices consequent upon the increase of the supply in the market, amounts to nothing more nor less than to denounce it for the gifts of a fruitful season and a beneficent Providence. Has Government, then, diminished the amount of money or currency? There is no evidence of such a deed on the part of this Administration. It has passed no law on the subject, but continues to receive the same kind of money which has been received into the Treasury from the foundation of the Government, with the exception of a short period during the war.

The revulsion, then, which has taken place in prices, is not the act of this Administration, but is the joint result of a bountiful harvest, and of the acts of incorporations acting independent of this Government, and arrayed in open hostility against it. In other words, it is the natural operation of those great laws of trade and currency, which lead to a fall of prices when supply exceeds demand, or when the currency becomes contracted, or assumes a higher standard of value.

Nor has the objection any better foundation, that the Administration design to degrade our laboring community to a level with that of European countries. If this is "what the Administration propose," my colleague says he can answer "that Massachusetts will never accept such a policy." No, sir; neither Massachusetts nor any other State will accept it at the hands of this Administration, for the good and conclusive reason that it has adopted no such policy; advocates no such policy; and can have no motive or intention to propose any such degrading policy. The charge is no less groundless than ridiculous. Neither this, nor any other Administration, could produce such a result, if they should entertain the unholy wish. In making the objection, gentlemen studiously keep out of sight the vast difference between this country and Europe, the character of our institutions, the condition of our country, and the laws which regulate the rates of wages. These are not determined

alone by the currency of a country, though it has a very important bearing, but by the density of its population, by their intelligence and enterprise, and by all the circumstances that can affect consumption or production. The greater the demand, other things being the same, the higher wages will be. But as the demand will be greater, so will wages be higher, among a sparse but free and intelligent, than among a dense and oppressed population. Hence wages are low in Europe, and comparatively high here; and such will continue to be the case, while there is a down trodden surplus population in Europe, and while the enterprise and intelligence of our citizens, and our extensive public domain, afford ample resources against any long continued excess of supply beyond demand.

How perfectly preposterous then is it for gentlemen seriously to accuse the Administration of the design to reduce the free laborers of this country to a level with those of Europe, by a mere requisition of gold and silver in the receipts of the Treasury. The change is altogether too great and radical to be produced by such a cause. It would require a revolution, not only in the system of our Government, but in the condition of our country, and the character of our people. Before it could be brought about, our liberties must be swallowed up in despotism, the enterprise and intelligence of our citizens be lost in luxury and sensuality, and the wide spread acres of our public land teem and overflow with a half starved, ignorant, and king oppressed population.

On what, then, rests the charge that the Administration is hostile to laborers? The only evidence which has yet been adduced is the declaration of some of the friends of the Administration of opposition to the banking system. Now suppose such opposition to be entertained to the full extent represented; does it follow that they are opposed to the well being of the laborer? Is such a charge deducible from such premises? If it is, how stands the case with the Opposition? Have none of its members expressed similar hostility? Look, sir, at the opinions avowed by the honorable John Tyler, the Whig candidate for the Vice Presidency. In a speech delivered against the late United States Bank, and published in the National Intelligencer of April 6, 1819, he used the following emphatic language:

"For one, I enter my protest against the banking system as conducted in this country—a system not to be supported by any correct principles of political economy; a gross delusion, the dream of a visionary—a system which has done more to corrupt the morals of society than any thing else; which has introduced a struggle for wealth, instead of that honorable struggle which governs the actions of a patriot, and makes ambition virtue; which has made the husbandman spurn his cottage, and introduced a spirit at variance with the simplicity of our institutions. I call upon the warm advocates of banking, now to surrender their errors. Shall I take them by the hand and lead them through our cities? Bankruptcy meets us at every step; ruin stares us every where in the face. Shall I be told of the benefits arising to commerce from the concentration of capital? Away with the delusion. Experience has exposed its fallacy. True, for a moment, it has operated as a stimulus; but, like ardent spirit, it has produced activity and energy but for a moment: relaxation has followed, and the torpor of death has ensued. When you first open your bank, much bustle ensues: a factitious goddess, pretending to be wealth, stands at the door, inviting all to enter and receive accommodation; splendid palaces arise; the ocean is covered with sails: but some alteration in the state of the country takes place: and when the thoughtless adventurer, seated in the midst of his family, in the imaginary enjoyment of permanent security, sketches out to himself long and halcyon days, his prospects are overshadowed, and misery, ruin, and bankruptcy make their appearance in the form of bank curtailments. If this be true, and I appeal to the knowledge of all men for its truth, I demand to know if you can put down the system to soon. Can we too soon escape the dangers with which we are surrounded? I know I shall be told that, even if we put down this bank, the State banks will still exist. Even if true, the position is not a justifiable one. If the State Legislatures do not follow the example which we set them, we shall have acquitted ourselves of our duty. It is all that can be asked of us. But, sir, we actually possess the lever of Archimides, and have a foot of ground on which to rest it. Our revenue amounts to upwards of $20,000,000 annually. Require a fourth, or even a sixth, to be paid in gold and silver—what would be the effect? The merchant would collect the notes of banks, and demand specie for them; and thus a test would be adopted by means of which to ascertain the solvency of each institution. The demand of specie thus produced would have the beneficial effect of introducing more of it into the country; for money is like every other article, and will find its way to the market where it is most wanting. The system might be enlarged gradually until your wishes should be consummated."

Where, sir, in the range of our history, can you find a bolder denunciation of our whole banking system? If opposition to it, then, makes any of the friends of the Administration the enemies of the laborer, must not the opposition of Mr. Tyler make him equally so? There is no escape from the conclusion; and the opponents of the bill must either acknowledge the inference which they have drawn unwarranted, or stand before the country guilty of the inconsistency of denouncing the opponents of the banking system as hostile to laborers, while they have presented and are urging the election of an equally strong opponent, as *par excellence*, the friend of the laborer. To this alternative they are brought; and they may take either horn of the dilemma they choose.

Nor is opposition to our banking system peculiar to Mr Tyler himself. The Richmond Whig, the organ of the Opposition in Virginia, in alluding in a late number to the necessity of bank reform, has the following paragraph, not only explicitly attributing the crying evils of the day to banks, but lamenting their introduction into the country in as strong language as those whose opposition is held up as an undisguised warfare upon labor and civilization:

"Unhappy was the day for America, when banks were introduced into the country. Speculation, debt, ruin, depravation of morals, and misery, have followed in their train. Much of the *improvement* which they are said to have accomplished, we believe to be no improvement at all; but if it be, improvement prematurely attempted, and effected by the unnatural expansion of the paper system, which, again collapsing, as collapse it always will, after such an expansion, has scattered destruction through the land."

Nor are these doctrines peculiar to Virginia, but were proclaimed by a recent Whig candidate for the Presidency (Mr. Webster) in 1816, and reiterated in strong and glowing terms in 1832. Even the Senator [Mr. DAVIS] who charges upon the friends of the Administration a design to reduce the rewards of labor, by infusing a greater amount of specie into the currency, promulgated similar doctrines in his message as Governor of Massachusetts in 1834, and affirmed in 1838 that experience had confirmed him in their correctness. Nor is this all. No longer ago than last fall one of the organs of the Opposition (the Boston Daily Advertiser) published a series of essays, written by one of the leading Whigs of New England, taking as strong ground against our banking system, so far as it bears upon labor, as the most

The following is an extract from an essay published in that paper in September last:

"The currency of the country, instead of possessing that steadiness in value essential to the great interests of the nation, and which is the characteristic of a metal currency, is, under its present management, subject to frequent and violent fluctuations, equal in the course of a year to 10, 15, or 20 per cent. causing a corresponding variation in the value of property. Such changes are extremely injurious to the operations of all regular industry. With a currency liable to such variations, no tolerably correct calculations can be made for twelve, or even for six months to come, by the farmer, merchant, mechanic, and manufacturer, of the value of their products at the termination of these periods. Men of the greatest skill, industry, and economy, in the management of their concerns, are constantly defeated of their earnings, if not wholly ruined, by these sudden changes in the standard of value—changes which are wholly beyond the foresight, if not the comprehension, of the great mass of the business community. They neither understand the causes of their suffering, nor if they did, so long as they continued in business, could they guard against them. All the industrious classes suffer from such frequent and violent alternations in the value of property; but the heaviest portion of it falls upon that large body of men who rely upon their limited and fixed incomes derivable from fees, salaries, or upon money investments in banks, and other institutions; and, above all, upon that much more numerous class who depend upon manual labor—upon their daily earnings for their daily bread. The merchant and manufacturer will find some compensation for his share of the evils of a deranged currency, by the enhanced profits incident to trade, when the currency is in a state of expansion, while the wealthy capitalist, who is out of the current of active business, may profit in his money investments, by the purchase of the property of the disabled and distressed classes, at half its ordinary value.

"To the retired and laboring classes, then, we say, that an uncertain, fluctuating currency, tending, as ours has been of late, to excess, is an unmitigated evil—at least such it has been in this country. The effect of the undue expansion from 1834 to 1836, when the bank issues were increased from 95 to 186 millions, and the liabilities from 171 to 341 millions, which was the main, *and the only effective cause* of the commercial revulsion and bank suspension in 1837. We repeat, the effect of that over issue of paper, was to raise and to maintain the prices of the necessaries of life from 20 to 30, and occasionally 50 per cent. beyond what they would have been had our currency been kept in a natural and sound state. Thus the cost of living was enhanced perhaps one-third, while the incomes and wages of the large classes to which we have referred were, in a great degree, stationary. This evil, too, is still existing; and will not cease to exist, till by a further contraction of our exuberant currency, prices are brought to a more natural level—to that level, in fact, on which the rewards of labor, and the incomes of invested capital were based, when our currency was in its ordinary sound state. To place these classes on a level with the active business portion of the community, who, from their position, can profit by the fluctuations of our currency, their fees, wages and incomes should have been increased in a corresponding ratio with the effect in the prices of the necessaries of life consequent upon an enlargement of the currency. No such augmentation to the incomes and wages of the classes to which we allude, was ever made; nor is there any probability of its being done; because, in the first place, the sufferers, being for the most part ignorant of the true causes of the increased expense of living, do not comprehend the reasonableness of demanding an increase of compensation proportionate to the decreased value of money; and secondly, if such a demand was made, would it not be alleged that the derangement of the currency, being in its nature temporary, and liable, therefore, to a return to its former sound state, it would be inexpedient and unjust to make these changes in the prices of labor, and of professional services, which it would be just and expedient to make in case of a permanent alteration in the value of money—such, for instance, as would arise from a sudden and considerable variation in the quantities of the precious metals existing in the commercial world? Such, we apprehend, in the case here imagined, would be the arguments employed by the most powerful against the most powerless portion of the community, to prevent their obtaining any abatement for their loss in the decreased value of money consequent upon an enlargement of the circulating medium.

"Again: not only are the less affluent and laboring classes compelled to pay the increased prices for their provisions, founded upon a superfluous currency, while their fees, salaries and wages are based upon a lower scale of an undepreciated currency; but at every revulsion in business, they are liable to be thrown out of their accustomed vocations, and driven to new ones for which they are less fitted, and sometimes wholly deprived of any employment."

The evils here described, with the derangement of business and prices, are explicitly declared to be "the natural, if not the inevitable, fruits of a vicious system of currency; of a currency issued by 900 banks," which have the power, and exercise it too, "of expanding the circulating medium to any extent they deem proper, and, consequently, of altering the value of property to a like extent." And the opinion is expressed, that while the system is continued, we shall have convulsions and revulsions at intervals of perhaps three or four years, when "paper of undefined value, or of no value, may be used, if not legally, yet by force of public opinion, stronger than the laws of the land, to discharge debts based upon coin of a fixed value, to the great discouragement of honest industry, in utter disregard of the rights of property, and of those principles upon which our institutions are based."

Such, sir, was the language of a leading Whig in a leading organ of the Opposition last fall. Where, then, was their holy horror of infusing more specie into our circulating medium? Where, then, was all the eloquence since manifested in favor of high nominal wages? We heard nothing of it then in Massachusetts. It slumbered, sir, until political power was seen departing from their grasp—until a desperate effort became necessary to uphold a desperate and sinking cause. No political capital could then be made out of it. The evils of our banking system were then proclaimed from the high quarters of Whigism, and in a paper, too, which represents the commercial and manufacturing interests of New England. No fears were then expressed at a reduction of currency or prices; but, on the contrary, a reduction of both was openly, boldly, and most strenuously recommended, as necessary to the best interests of the country, and the restoration of business to a sound and healthful state. In an essay in that paper of the 9th of October, the writer says:

"Our prices have been so high for the last twelve months past, owing to our redundant currency, that there has hardly been a moment when the products of our soil or our manufactories, would command in any foreign market so much as they cost in the home one—one consequence of which has been, that the best mode of payment for import cargoes was found in the negotiating of bills on London, and for the reimbursement of which we are now shipping a portion of our too scanty supplies of coin.

"The extreme prices of grain among us, were not owing to a bad harvest—for seldom has the country been blessed with a better one. The unnatural price of nine dollars a barrel for flour was caused, *not by a scarcity of wheat, but by a superabundance of currency*—of bank notes—issued and loaned by the banks in New York State, and other grain States—for the purpose of sustaining and enhancing the prices of grain 25 to $33\frac{1}{3}$ *above what they ought to have been*, and what they would have been had our currency been in natural and sound state.

"But it will be alleged that our currency has since been in a course of contraction. True, and prices have felt the good effects of it, but *they are still too high*. Even cotton, which is looked upon with least favor as an article of commerce, cannot be purchased in the New York market, where most of the stock is concentrated, nor in any other market, so low, with the usual export charges to Europe, as the last Liverpool quotations; while wheat, with a superabundant crop, and a large surplus of the past season, is probably higher than in any of the grain exporting countries of Europe. This is not all; the moment there is a slight improvement in the prices of cotton abroad, or even a faint prospect of a demand for flour and wheat in England, the spirit of rash speculation would revive—prices advance beyond their already inflated rates, and prudent men be prevented, as they were last year, from the free exportation of those staples."

"Again, *had the currency not been redundant, prices of foreign goods would have been lower*—the temptations to import lessened, and thus the balance of foreign payments kept down, perhaps some 20, 30, or $40,000,000 below what they are at this moment. It is this foreign debt, this heavy balance

against us, and which is constantly accruing, and probably faster than it is discharged, that has brought the exchanges against the country, and by the drains upon our coin, caused the banks to suddenly curtail their issues and their loans, and thus created the heavy pressure on the money market, which has deranged all operations of business."

"If the principal part of our currency was coin, the parting with five times the amount we have exported, or which we may hereafter be required to export, would cause but a slight variation of prices."

In these extracts, we have two important admissions. In the first place, what my colleague charges upon the Administration as a mere matter of inference—a reduction of currency and prices—is strongly recommended as the only true policy to be pursued by the banks and business men. Prices are declared to be too high; and the opinion is subsequently expressed, that when the currency becomes "as contracted as it should be," the price of flour "may fall to $5, and then we may go to foreign markets, in competition with the grain growers of Europe, which we have not been able to do for some five or six years past—sometimes by reason of a scant harvest, but more commonly because our prices were *unnaturally sustained by a superabundant currency*, in common with the prices of cotton and most other staples. This every importing merchant will know to be true, from the result of his operations."

After the promulgation of such sentiments from such a quarter, does it now become my colleague to reproach the Administration with the design to reduce the currency and prices? If there has been a contraction, is not the evidence clear and full to show that it was a measure strongly pressed upon the banks by his own political friend, and one, too, who has been held up as a guide on the subject of currency?

In the second place, we have the admission that "had the currency not been redundant, prices of foreign goods would have been lower." And such most obviously would have been the case. An inflation of our currency cheapens the whole mass, and consequently requires more currency here, though it may not materially affect prices abroad, to measure out a given quantity of goods, whether of foreign or domestic production. But suppose our currency should be more contracted than it has usually been; and suppose all things of foreign production should retain their old prices, as contended by my colleague, would it not then operate in favor of those of domestic production? If my colleague's object is to afford foreign goods to our citizens at low prices, why does he advocate a high tariff? Is it not to enhance the price of foreign goods, and thereby encourage the growth and manufacture of our own? If this bill, then, as he argues, will have the same effect, why oppose it? His objection on this head is evidently inconsistent with his tariff doctrines, and, according to his own theory, is therefore entitled to no weight.

Throughout the whole discussion of this measure, its opponents have seemed to take it for granted that the interest of labor is identical with that of our banking system. Is such an assumption just and well founded? Is it true that our paper currency is the one of all others the best calculated to promote the well being of the laborer? Let us, sir, bring it to the test of acknowledged principles, and the results of experience.

What is the great office of a currency? To pay debts—to settle balances. It is defined as the medial commodity by which the value of labor and property are measured and determined. If it is unstable and fluctuating, such will be the standard of value and the character of business. Hence *stability* has been rightly considered by standard writers on political economy, as essential to "the prosperity of a country as fixed standards of weights and measures."

Now, does this important element of stability enter into and characterize our paper currency? Sir, every body knows the contrary. The winds and waves of ocean have not been more variable. Instead of possessing that stability which is necessary to give steadiness of value, it has varied with the varying feelings of the human breast. Founded upon confidence, it has ebbed and flowed as the human mind has alternated from hope to fear. At times we have seen it so contracted as not to afford the requisite facilities for the operations of business, while at other periods it has been so expanded as to afford means for the wildest extravagance and speculation. It has borne no uniform proportion either to the population, the specie, or the wealth of the country.

In 1816, the amount of currency was $11 per head of the whole population; $7 in 1819, $5 in 1830, $6 in 1834, $7 in 1835, $8 in 1836, and $10 in January, 1837.

In 1819, the amount of paper and specie in circulation, was over seventy millions of dollars; in 1820, less than forty-eight millions. In 1833, the bank circulation was sixty-five millions; in 1834, ninety-four millions; and in January, 1837, no less than one hundred and forty-nine millions. From 1830 to 1837, there was an increase in the loans and discounts of banks from two hundred to five hundred and twenty-five millions; and the circulation from sixty-one to one hundred and forty-nine millions; and in the deposites from thirty-five to one hundred and twenty-seven milllions. Here was an increase in the currency, in the short space of six years, of over one hundred per cent. while the increase in the wealth of the country could not have exceeded one quarter of that amount.

Much has been said against the depression of a specie standard; but what better do we have under our present system? As it now is, our people have to suffer not only all the evils of an inflated paper currency, but all the evils of a sudden contraction of such a currency to the specie standard. This is capable of demonstration. It results from the very nature of our paper medium—from the test of its convertibility.

"The constant tendency of banks," says the late president of the United States Bank, "is to lend too much, and to put too many notes in circulation." But an expanded currency cannot long be maintained. Each new issue cheapens the whole mass, and causes an exportation of specie; first, because it induces a rise of prices and large importations, and thereby creates a demand for specie, to pay for them; and secondly, because specie, like other commodities, will seek that market where it is most highly valued. Whenever, therefore, our currency is increased beyond what is necessary to do the business of the country at prices about on a

par with those of other countries, specie will either circulate at a premium, or be exported, as it can be done, under such circumstances, with profit as a mere article of merchandise.

Now it is declared by the late president of the United States Bank, to be "the law of our currency, when from superabundance too much coin leaves the country, the remainder must be preserved by diminishing the paper, so as to make it more valuable." And what is the consequence? With contractions come failures. The usual accommodations are withheld; business is paralyzed; the wheels of industry are arrested; and distrust and despair and panic pervade the whole community. There follows, then, not only the prostration of confidence of an inflated paper currency, but of that which would exist under a specie currency. The revulsion not only brings down the paper currency to the test of specie, but through the loss of confidence, actually depresses business below what it would be under a specie currency.

We have had an illustration of this in the state of our business and currency during the last winter and spring. It appears from the returns of the banks, that they curtailed their circulation from $135,170,995, in January, 1839, to 106,968,572, on the first of January last. This included the returns from Mississippi, where their bills, I am informed, were at 70 per cent. discount, and also those from the other non-specie paying States, where their bills circulated from 6 to 10 per cent. discount. Deduct the amount of this depreciation, and the whole value of the bank circulation did not much, if any, exceed 90,000,000 on the first of January last. But the curtailment did not stop there. It appears, from notices in different parts of the country, that it was continued during the winter; and, if such was the case, as we have good reason to believe, the whole bank circulation in March last could not have exceeded in value $85,000,000, the estimated amount of specie in the country. And yet the opponents of this bill talk of the depression of specie prices, as if it did not already take place under the ruinous and rapid vibrations of our paper system.

But for business to be reduced to what may properly be called the specie standard, it is not necessary for our circulation to be reduced to the amount of specie in this country. We have not now, nor have we had for years, our due relative portion. The channels of business have been filled with paper. This has entered more largely into circulation than in other commercial nations, and driven specie from our borders. But for a superabundance of paper issues, we should always have what to our industry and wealth belong. When there is a relative deficiency, it would flow in from other countries; and when there is an undue expansion, it would flow out. The tendency of currency among all commercial nations, is to a level. And the same is true of prices. Goods will seek that market where they will command the most profit. Hence, under the high nominal prices of our bank expansion, potatoes were imported from Holland, grain from the Black Sea, and butter from Germany; while with the abundant harvests of the past year, and our contracted currency, we are now exporting bread stuffs.

In the discussion on the recharter of the United States Bank in 1832, Mr. Webster declared for the Bank "to call in its loans at the rate of 8,000,000 a year, is an operation which, however wisely it may be conducted, cannot but inflict a blow on the community, of tremendous force and frightful consequences. The thing cannot be done without distress, bankruptcy, and ruin to many." But instead of a curtailment of eight millions, we have experience one during the past year to the enormous amount of thirty to forty millions. And is it strange that the frightful consequences should follow in wide spread embarrassments and derangements of business? Could it be otherwise than that the pursuits of trade and industry should feel the astounding shock of the tremendous blow of bank mismanagemen and contraction?

Nor have these bank paroxysms been of unfrequent occurrence. During the last twenty-two years we have had no less than eight serious revulsions, varying the amount of currency in some years not less than twenty to forty per cent. and scattering ruin and bankruptcy through the land.

It is contended, Mr. Chairman, by an honorable Senator, (Mr. Davis,) that "gold and silver are no more exempt" from fluctuation than paper. But is this so? Where, sir, can you find examples of such desolating fluctuations in a metallic currency? Where, sir, has it stimulated the wild spirit of speculation and overtrading, like paper? When and where, in the records of history, has it been susceptible of being expanded and contracted to the same extent, and with like facility, with that of our paper medium? No such instances have been adduced, and in the absence of proof, we have a right to presume that none such do exist. It is not in the nature of things, sir, that such should be the case. Paper is the more elastic medium. It may be expanded or contracted at pleasure, and has been recommended for possessing this greater power of variableness. The late president of the United States Bank went so far as to declare its "value to consist in its *elasticity*—its power of alternate expansion and contraction."

Now, Mr. Chairman, is it the office of a currency, thus characterized by "alternate expansion and contraction," to benefit the laborer? No, sir: it tends to rob labor of its first and most essential rights, *the true amount and security of its earnings.*

It purports to represent specie, but not unfrequently fails to represent property of any kind. It has no uniform and intrinsic value. One day it may be equivalent to specie, and the next day valueless. Nor have the great body of the laboring community any means of ascertaining its value, but from those who are directly interested in concealing any deficiency from the knowledge of the public. There is, consequently, a degree of uncertainty about our currency which constantly exposes labor to the severest loss.

Every great variation in its amount operates a wrong, by varying the standard of value. As it expands or contracts, it augments or diminishes the stipulated consideration of contracts, and thereby becomes a source of loss to the debtor or creditor portion of the community. When the

contraction is great, as it must be in every collision of paper with specie, after an expansion, the loss suffered, by a man engaged in extensive business, is often sufficient to absorb a large estate, and reduce its possessor to comfortless poverty. This was the case in 1837, and in each of the former great revulsions of our currency. It thus makes and unmakes fortunes, without labor, regardless of the rights of industry, or the obligations of justice.

Another source of loss and insecurity, is the overaction to which such a currency inevitably leads. An expansion enhances prices, the effect of which is to stimulate production, and increase the supply. But the effect of high prices is also to check consumption. The consequences are, a glut in the market, stagnation of business, failures and heavy losses to the industrious portion of the community. It affords facilities for contracting debts without the corresponding ability to pay. The more it is expanded, the more wildly men rush beyond the bounds of prudence. Insolvencies are thus multiplied, and the grossest extravagance encouraged. Economy is exchanged for prodigality, and the business of the country partakes of all the uncertainty of a lottery, and all the viciousness of gaming.

What better evidence, sir, of this fact can be required than the enormous amount of foreign luxuries consumed in this country? During a period of only ten years, we have imported wines and spirits to the value of forty-one millions, and silks to the value of no less than one hundred and eighteen millions; showing in these articles alone a consumption of foreign luxuries to the amount of over fifteen millions annually.

Look, also, at the number of insolvencies and failures under our paper system. Do we find them take place in such startling frequency and amount in hard money countries? So far from it, I find it asserted in a recent work, that more take place with us in one year, than happen under the hard money currency of Holland in a whole century. And I have high Whig authority that there "were more suspensions and bankruptcies in the United States, in 1837, than have occurred in France, where the currency consists mainly of specie, since the establishment of order, after the overthrow of Bonaparte.

The direct loss sustained by the use of a paper currency, cannot be stated with much precision. The most that can be done is to approximate the enormous amount by estimates founded upon losses which have been ascertained.

It appears, from the report of the Secretary of the Treasury, that the public money lost, by using banks as depositories, and receiving their notes in payment of public dues, amounts, according to an estimate of the Committee of Ways and Means, to $34,974,722; but according to the estimate of the Department to $6,474,722. Now take the lowest estimate, and suppose the people to have lost, in their individual business, in the same proportion as in Governmental transactions. According to the Secretary of the Treasury, our currency does not usually exceed, in a sound state, about seven dollars per head of the whole population. This would now give us a circulation of about $112,000,000. The amount required in the fiscal operations of Government is estimated at five millions, which is about one-twenty-second part of the whole circulation. Assuming this to be the true proportion, the sum lost by Government, $6,474,722, multiplied by twenty-two, will give an aggregate $142,443,884.

But this vast sum is but a small part of the true amount lost by the people; for they lose at a much higher rate than in the fiscal transactions of the Government. This must be manifest from the laws which prohibit its officers from receiving bills of non-specie paying banks; from their superior knowledge to distinguish good from bad money; and from the bonds and securities taken to protect Government from loss in the failure of banks.

Take the recent deposite banks as an example. In the failure of some of these institutions, the bill-holders lost not less than fifty to seventy per cent. while the Government escaped without any loss whatever. Take also the case of loss from depreciation. In May, 1837, the banks throughout the country suspended specie payments, and their bills through the year circulated at from five to ten per cent. discount. Now, if the people lost only at the rate of six per cent. this would make a loss of near nine millions, estimating a loss to occur only on one payment, whereas, according to the supposition of Mr. Gallatin, each dollar performs ten payments during the year. But without supposing the community to lose on each payment, the loss from depreciation in 1837 has been estimated to amount to twenty-five to thirty millions, to say nothing of the severe losses from the same cause during the last year. But from this source Government has sustained no loss, excepting a short period during the war.

Take also the loss from small bills. One tenth part of the notes issued under five dollars, it has been estimated by experienced bankers, are never presented for payment to the banks. Like counterfeit and other spurious money, they ultimately fall into the hands of the poorer portion of the community, and become a loss to those who are least able to bear it. But from this source also Government has been protected from loss.

From these and other considerations, it must be clearly apparent, that the people, at the lowest calculation, have lost in the transaction of their business, at least five times as much as Government, from the use of a paper currency. This would give an aggregate of $712,219,420; equal to an annual loss $14,244,388, since the foundation of the Government.

But to this sum must be added the cost of our paper system, over and above a metallic one. I am aware that a paper currency has been advocated on the ground of its superior cheapness; but I believe it is so without due consideration of the immense sum required to pay the salaries of bank officers and other incidental expenses of the system.

According to the report of the Secretary of the Treasury, the whole banking capital of the United States returned in January, 1839, was

	$327,132,512
Loans and discounts, - -	492,278,015
Invested in real estate, - -	16,607,832

Circulation, - - -	135,170,985
Specie in the banks. - - -	45,132,673

Now we have a right to presume that the banks derived an income of six per cent. from the amount invested in their real estate, and an income from loans and discounts equal to six and a half per cent. the interest being paid in advance. At these rates, their receipts from their real estate were

	$996,469
From loans and discounts, -	31,398,070
Total income, - - -	$32,394,539

The amount which they would have received as private individuals on that capital, would have amounted to only $19,627,950; showing a difference of $12,766,589. Now as the banks do not on an average divide over six per cent. on their capital, this sum of $12, 766,589 must be expended in the working of the system, and of course exhibit the gross amount of cost to the people of the country.

But in offset to this, it is contended that a paper currency increases the productive capital of the country, and, consequently, the amount of profit. This, sir, may be well doubted; for unless it enlarges the circulating medium, there will be only an exchange of capital. But if it does enlarge it, prices will be enhanced, and of course require a corresponding increase of capital to do the same amount of business. But allow that it does increase the productive capital to the amount contended for—the difference between the specie in the banks and the amount of their circulation. This, in January, 1839, would make an increase of ninety millions, and at six per cent. a sufficiently high rate for such an inflated state of the currency, be equal to an income of $5,400,000. The wear and tear of a metallic currency on that amount of circulation at one seventh of one per cent. the estimate of Mr. Gallatin, would amount to $193,101. Add this to the above sum of $5,400,000, and we have $5,593,101, as the sum to be deducted from the $12,766,589, the gross cost; which operation leaves the sum of $7,173,488 as the nett cost of our paper over a metallic currency.

Look at the burdens thus imposed upon the people. The annual direct loss by the use of paper, we have seen, amounts to $14,244,388, and the nett cost of the system to $7,173,388; making an aggregate of $21,417,776—a sum greater than the annual expenses of our Government.

Now, sir, who pay this large sum? Is it the trader, merchant, and manufacturer? But they have no means to pay but in profits derived from the laborer and consumer. It is then a tax upon labor and consumption. And is that a just system of currency which imposes such burdens upon labor? which taxes the many for the benefit of the few? which multiplies the non-productive at the expense of the productive portion of the community? What better is it than the principle of taxation that prevails among the monarchies of the old world? Where is the security of property? Where the equal rights of the citizen? All, sir, at the mercy of a privileged order.

But there is another respect in which our paper currency operates most unequally, and that, too, at the expense of labor. Under a just and equitable system, property, labor, and the circulating medium, will maintain their true relative proportioned value. Neither will be elevated above its just worth, nor depressed below it. But such is not the case under our paper currency. In its rapid vibrations, prices lose their true proportion to each other, and the poor suffer at the expense of the rich. Capital is powerful, coercive, and grasping. It naturally seeks the largest profits, and does not, therefore, generally allow an increase of wages upon an expansion, until forced to do so.

When the price offered is equal to what is paid in other branches of business, requiring the same amount of skill, no increase can be effected without the consent of the capitalist, or by a general combination of the laborers. But neither the one nor the other can readily be obtained. Time is therefore required to effect a rise in wages, even after the laborer finds his profits absorbed, or greatly diminished, in the enhanced price of the necessaries of life. His wages are not determined by the profits of any particular branch of industry, but by the rates which the same amount of skill will generally command. If he leaves it in search of higher rewards, others will come in to supply his place. The natural consequence is, that labor is one of the last things to rise on an expansion, and the first to fall on a contraction of the currency. He is forced, through the operation of a fluctuating currency, to receive his wages at the rate of a *sound*, but in a *depreciated* one, and to purchase his necessaries at the high prices consequent upon such depreciation. And hence every great inflation of our currency operates to the depression of laborers.

The truth of this, Mr. Chairman, will readily be seen by comparing the price of wages with the price of the necessaries of life during any of the periods of great expansion.

The following table exhibits such a comparison with the amount of bank circulation in the years 1834, 1835, and 1836, in the town of my residence, in the district which I have the honor to represent.

	Bank circulation.	Carpenters' wages per day.	Flour per barrel.	Corn per bushel.	Pork per pound.
1834,	$94,839,570	$1 50	$5 75	78 cts.	9 cts.
1835,	103,692,495	1 50	6 50	100	10
1836,	140,301,038	1 75	9 75	120	14

From this it appears that, from 1834 to 1836, there was an increase in the currency of 48 per cent.; in the price of flour of 70 per cent.; in the price of corn and pork of 54 per cent. each; while the increase in the price of wages was only 16⅔ per cent. The increase of the currency was not at the same per cent. owing to the speculative buying, and selling, and forestalling, to which such an expansion naturally leads. The difference between the rise of wages and of currency was 31 per cent.; between the rise of wages and of flour, 53 per cent.; and between the rise of wages and of corn and pork, 37 per cent.; making an average difference between the rise of labor and the necessaries of life amount to 42 per cent.

Now which was the best for the laborer; the higher wages of 1836, or the lower wages of 1834—nominal or real wages? Suppose him to have been paid in provisions, instead of money. In that case, he would have received for a week's wages in 1834, more than one barrel and a half of flour;

while in 1836 it would have been even less than a barrel. In 1834 he would have received eleven and a half bushels of corn; but in 1836 only seven and a half bushels; and yet a currency which thus deludes the laborer with a slight nominal increase in his wages, but the more effectually to rob him of his hard earnings in the increased prices of the necessaries of life, is held up by the opponents of this bill to be not only identical with civilization, but the one of all others the most beneficial to the laboring community.

It will not be pretended, Mr. Chairman, that the laborer did not produce as much in 1836 as in 1834; but through the unjust operation of a bank expansion, we see he was wronged out for forty-two per cent. of his earnings—for the benefit of whom? Not for the Government—not for the honest trader and farmer, but to enrich foreigners, bankers, and speculators. Disguise it as we may, every inflation of our currency impoverishes our own, for the benefit of foreign labor. It greatly enhances the nominal price of articles beyond what they bear in other countries, without affording corresponding facilities in their production and manufacture here. It thus enables the foreigner to undersell us in our own markets. It gives to him all the advantage of manufacturing at low prices, and selling at high prices, for he receives his pay, not in our depreciated paper currency; if he does, it is immediately converted into gold and silver, the better currency, which gentlemen think our Government ought not to possess. According to their theory, there is no harm for the foreigner to be paid in the superior currency; but it is a horrid and unpardonable offence for the Government of their own country to be, even when it is directly calculated to secure to the whole people a greater amount of that better currency.

In practical effect, sir, there is no difference between rendering our yard stick shorter than that of England, and depreciating our currency below that of England. What purports to be the same, is not in reality the same measure—the representative of the same amount of value in the two countries. Ours, while inflated, is the shorter or cheaper, and measures out a less quantity of goods to the consumer. The difference between the two currencies has, at times, been estimated as high as twenty to thirty per cent. But whatever the difference is, to that extent it neutralizes the tariff, and operates as a bounty upon foreign, at the expense of American industry. To that extent we are the loser while we are the debtor of England, because we consume her goods under our high nominal prices, our shorter measure, while we are compelled to pay in merchandize or money under her higher standard, or greater measure of value.

Hence it is that the balance of trade has generally been against this country; and when that is the case, the English capitalists have but to refuse an extension of credit, to derange the whole business of our country, drain our banks of their specie, induce a suspension of specie payments, and, if our public revenue should be deposited in banks, close, if not bankrupt, the National Treasury itself.

It is now acknowledged on all hands that the suspension of specie payments was thus brought about in 1837. The Bank of England, finding her bullion greatly diminished, called upon her creditors, engaged in American business, for specie. Hence the run upon our banks, and the suspension throughout the Union.

Ought it longer to be considered, then, a doubtful question, whether our Government shall be compelled to be connected with the banking system? What dictate, sir, of patriotism, or wisdom, requires that the earnings of our citizens, and the finances of our Government, should be subject to the control of a foreign power? And yet it is the policy, if not the object, of the Opposition, to bring about such a connection between bank and State, as would leave the whole industry of our country at the mercy of the English nation; in fact, would lay the independence, and power, and wealth, of our people, at the feet of the moneyed power abroad, and the brokers and bankers leagued with it at home.

I am aware, sir, that this injurious operation of our currency is denied by the opponents of this bill. But how is it regarded by those who reap the rich harvest from it abroad? In their circular of the 22d of November last, the Messrs. Baring, Brothers, and Co. express their conviction that, by investments in our State stocks, "England employs her annual surplus of capital both safely and profitably, and *encourages her best customer*," alluding to our purchase of her manufactures. Now how so, if such loans, which tend powerfully to expand our currency, encourage, in a corresponding degree, our own industry, and enable us to manufacture proportionately cheaper? No, sir. If such was the case, her investments would not then encourage the sale of her manufactures with us; we should not, then, be the good customer represented.

This view of the subject is also confirmed by the admissions of the bank agents who have visited England for the sale of stocks. In a pamphlet published in London, and said to be written by James Duer, esq. of New York, is the following argument addressed to the British capitalist:

> "The capital borrowed by the United States is not so withdrawn as to interfere in any manner with the circulation, or derange the currency of the country, [that is, Great Britain.] It is used in payment of the debt that the United States, in the course of trade, annually contracts. It is transferred by bills from the banker to the merchant, and is taken to America, *not in bullion, but in British goods;* every investment made, while it adds to the income of the capitalist, swells the profit of the manufacturer."

Not of the American but the British manufacturer, by increasing facilities for foreign remittances, and thus inducing excessive importations.

But there is stronger proof than any mere declarations of opinion, that an inflation of our currency leads to excessive importations. Whoever will compare the amount of our bank circulation with the amount of our imports, cannot fail of seeing the intimate connection between the two—how they mutually act and react upon each other. Every great expansion of our currency has been accompanied by excessive importations; and unless the balance due has been invested in some of our stocks, caused a demand upon the banks for specie, and a consequent contraction and prostration of business. Look at a few facts:

Year.	Bank circulation.	Imports.	Exports.
1816	$110,000,000	$147,103,000	$81,920,452
1817	69,000,000	99,250,000	87,671,569
1818	74,000,000	121,750,000	93,281,133
1819	62,000,000	87,125,000	70,142,521
1820	44,863,344	74 450,000	69,691,669

The effect of our bank circulation upon our importations is here most clearly manifest. In 1816, when our currency was more inflated than at any other period since the Revolution, as a natural consequence, our imports are seen to have increased from 113,000,000 in 1815 to 147,000,000 in 1816, while our exports amounted to less than 82,000,000. This was followed by a contraction of the circulation to 60,000,000, and of imports to 99,000,000. But the excessive issues of the United States Bank during 1817 increased the circulation to 74,000,000, and the imports from 99 in 1817 to 121,000,000 in 1818—showing an excess of over 28,000,000 of imports, which caused a demand for spec e, a reduction of circulation to 44,000,000 in 1820, and general embarrassment and distress throughout the country.

Mr. Crawford, in speaking of this period, says:

"As there is no recorded example in the history of nations of the reduction of currency so rapid, so but few examples have occurred of distress so general."

This took place under the regulation of a United States Bank. Take, as another illustration, an expansion of a more recent date:

Year.	Bank circulation.	Imports.	Exports.
1832	$59,000,000	$101,029,266	$87,176,943
1833	65,500,000	108,118,311	90,140,433
1834	94,839,570	126,521,332	104,336,973
1835	103,692,495	149,895,742	121,693,577
1836	140,301,038	189,980,035	128,663,040
1837	149,185,890	140,989,217	117,419,376
1838	116,138,910	113,717,404	108,486,616
1839	135,170,995	157,609,560	118,359,004

From 1832 to 1834, the bank circulation is here seen to have increased from fifty-nine to ninety-four millions, accompanied by an increase of imports from one hundred and one to one hundred and twenty-six millions, and an increase of exports from eighty-seven to only one hundred and four millions. This left a large balance against us, but instead of being followed according to the laws of trade, by a demand of specie for exportation to pay the debt, the sale of State stocks abroad, through the facilities afforded by the United States Bank, caused an excess of specie importations. This produced an additional inflation—an increase, from 1834 to 1836, of forty-eight per cent. in the circulation, of fifty per cent. in the imports, and only twenty-four in the exports; showing how powerfully excessive issues stimulate excessive importations, and that one, if not the most efficient, way to prevent them, is to give more stability to our currency.

In 1837, the imports are seen to have fallen off, though there was an increase of circulation. This arose from the suspension of specie payments, and the consequent difficulty in making the proper remittances. But upon the resumption of specie payments the next year, the difficulty was removed, and the imports are seen to have again rose with the circulation.

It is this undue inflation of our currency, which has rendered competition with other nations so difficult, and so often prostrated our manufacturers. It has periodically glutted our markets with foreign fabrics, paralyzed the arm of American industry, and entailed upon the country a foreign debt of near two hundred millions, to be wrung from the hard earnings of industry, in addition to the hundreds of millions of which the laboring community have already been robbed through the same unrighteous operation of an expanding and contracting currency. It yearly exacts a tribute from our people, for foreign nations, amounting to a sum, which, if imposed in the form of direct tax, would fire every patriot soul in the land, and raise a cry of oppression that would resound throughout the civilized world. But being in the form of an indirect tax, the burden is not only patiently borne, but the very system which imposes it lauded to the skies.

But we have been directed to look to England for illustrations, and to contrast her situation with that of France. Let us, sir, institute a comparison, and see if the condition of the English laborer will justify the assumptions of the paper currency advocates; let us see whether the French laborer should desire a more exclusive paper currency, however much it may be desired by ministers or other classes.

The currency of Great Britain is estimated at £70,000,000 or $340,000,000; of which £34,000,000 is specie.

The currency of France is estimated at £120,-000,000, or $580,000,000 in specie. The paper in 1837, was only $50,000,000, but is supposed to be rather more now. The Bank of France is allowed to issue no notes under 500 francs, equal to about $93 00, and the Bank of Havre none under 250 francs.

Now what is the effect of these two currencies upon prices? The difference between these two countries is not wholly owing to the State of the currency; but this, nevertheless, has an important influence.

According to the Foreign Quarterly Review, an English laborer's daily wages may be averaged at nine shillings a week; while a Frenchman's do not usually exceed six shillings—one-third less. But the same authority says the average price of wheat in England is 8s. 6d the bushel; while in Paris it is only five shillings—that is as 17 to 10. Consequently an English laborer can purchase a bushel of wheat with a week's work and have a six pence left; while the French laborer can purchase a bushel of wheat with a week's work and have a shilling left. Now, if we look only at the nominal prices, the advantage will appear altogether in favor of the English laborer; but if we look at the real prices—at what the wages in each country will command—the better test—the advantage in favor of the French laborer is seen to be no less than fifty per cent.

That the rewards of labor and the condition of laborers are both greatly depressed in France, cannot be denied. But this, sir, is not for the want of a more exclusive paper currency. If this is all that is wanting to render the laborer happy, prosperous, and elevated, the task of the philanthropist is indee[illegible] easy one. The down trodden mil[illegible]umanity might then rise at once from

their degradation of ages in all the glory of independent and happy freemen. But has paper currency such potency? Do we find such elevating and life-giving influence in all paper moneyed countries?

In Sweden, which by the way is held up by an honorable Senator [Mr. Davis] as a warning against a hard money currency, according to Storch, bills of the nominal value of nineteen cents are issued, and the "daily wages of a skilled agriculturalist are 7d. or 8d.; while the unskilled obtain no more than 3d. or 4d. and board themselves. Their food consists of hard bread, dried fish, and gruel without meat."

In Austria, where bills of about three dollars' value are issued, the mass of laborers have not yet fully obtained their freedom, but are compelled to work for the proprietors of the soil during every day of the week excepting Sunday.

In Russia, where paper of the value of about twenty cents circulates, the laborers are serfs or slaves.

In Denmark, where notes of the value of about eight cents are issued, the peasantry are also held in bondage, and bought and sold together with the land on which they labor.

If a paper currency is as identical with the well being of the laborer—is as essential to his elevation, as represented, why this degradation of laborers in paper moneyed countries? Why are the laborers of Russia grovelling in the bonds of ignorance and servitude? Why are those of Denmark bought and sold like beasts of burden? Why are those of Sweden stinted to a sum varying only from 3d. to 8d. per day? Why are agricultural wages, under the paper currency of Ireland, from whence have emigrated so many true friends of freedom, as low as 1s. to a 6d. a day, while they vary from $1 50 to $3 per day in Cuba, with its hard money currency?

No sir, it is not for the want of a more exclusive paper currency, that the laborer of France is no better off, but for the want of a better Government--of more freedom. He is now surrounded with restrictions. He is not free to labor how and where he will. Without a patent from Government, he cannot follow a trade, or carry his goods from province to province. Government determines how many bakers, how many butchers, how many printers there shall be. It comes in contact with individual enterprise, and cramps the industry of the country by arbitrary and unequal laws.

But with all the superior freedom of the English nation, what is the condition of her laboring population? No small portion, sir, without fault of their own, are doomed, from early childhood to premature old age, to unremitting toil, to gain the barest subsistence, to keep body and soul together. The lowest class of laborers, according to McCulloch, eat meat only once a week, and the most numerous class only two or three times a week. Considered as a whole, the London Quarterly Review says: "The English pauper is better fed than the independent laborer; the suspected thief receives considerably more food than the pauper; the convicted thief receives still more; and the transported felon receives every day nearly three times as much food as the honest peasant."

It is true, sir, that a greater portion of the laborers of France are deprived of the use of animal food; but does it follow that as a whole they are worse off? No, sir; so far from it, I have the authority of an English statesman, who speaks from observation and a critical examination of the subject, that the reverse is the case. Mr. Bulwer, in describing the condition of France, says:

"The comforts of the great mass of her inhabitants are, to say the least, as great as those of our own laborers—and upon the whole, *their condition is better.* To use the words of Mr. Birkbeck, "there are in France none of those exhibitions of profligacy which disgust you at every step in our country villages—no ragged wretches staggering home from a filthy ale house—nor is this to be attribted to poverty! *the earnings of the laborer are one third more in proportion than in England.*"

In England, according to the same authority, one third of the wages of labor are required for the support of Government; in France only one sixth. In England, one sixth of the population are paupers; in France only one twentieth. In England, property is gathered together in masses—is in the possession of the few; in France it is divided and diffusive. In England, the increase of wealth has been most rapid; so also has been the frightful advance of pauperism. From 1814 to 1832, it appears, from Parliamentary documents, that the increase of population was twenty-five per cent.; of poor rates three hundred to four hundred per cent.; and of crimes three hundred per cent.

Now, why this marked difference? Why this rapid increase of pauperism in England? Why so great distress among her laboring population? It is not through any diminution of her aggregate wealth; for we are assured that the greatest misery is experienced where wealth is on the most rapid increase. The explanation, then, must be sought in her unequal laws of distribution. "But the legislative measures," says the London Quarterly Review, "which of all others have exercised the greatest influence on the distribution of wealth within the present century, and have operated most extensively to transfer it from one class to another, are the laws which regulate the circulating medium." Yes, sir, the English mode of regulating the currency, which is held up as worthy the admiration and support of the free and intelligent laborers of America is admitted to have operated more to the depression of laborers than any other laws of the realm. Nor is the admission made without the most ample evidence.

Take, for example, the bank expansion from 1790 to 1800. In 1790, when the circulation of the Bank of England was 10,000,000, the agricultural laborer could purchase eighty-two pints of wheat for a week's wages; but in 1800, when its circulation had expanded to 15,000,000, he could procure no more than fifty two pints. Is this a process of growing rich which the free laborers of the United States desire?

But lest this should be considered an isolated instance, and partly attributable to other causes, as it may be, contrast the circulation of the Bank of England with the price of wheat for a series of years, and see if the increase of the one has not been attended with an increase of the other like cause and effect.

From	Average circulation.	Average price of wheat.
1770 to 1780	£7,461,081	45s.
1780 to 1790	7,861,329	45s. 9d.
1790 to 1800	12,400,028	55s. 11d.
1800 to 1810	16,862,333	82s. 2d.
1810 to 1820	24,815,294	88s. 8d.
1820 to 1830	21,222,216	58s. 5d.

Here, sir, are facts and figures which show, beyond a doubt, the intimate connection between the amount of bank circulation, and the price of the necessaries of life. Each series of expansion are seen to have led to an additional rise in the price of wheat. But the wrong did not stop there. It is the nature of evil to beget evil. Each increase in the price of wheat put the means of subsistence still further out of the reach of the laborer, and thus led to an increase of pauperism from about £1,000,000 of poor rates in 1770 to over £8,000,000 in 1820.

But, while the Bank thus wrung from the laborer his earnings, to a degree bordering upon famine, its income was augmented in a corresponding ratio. The distribution of profits from 1790 to 1832 are stated to have amounted "to £51,546,666, a sum almost ten times greater than the average produce of all the mines of the world during the nine and a half years preceding 1832."

To such a degree has the paper system of England operated to the privation and suffering of her working classes, that Mr. Huskinson declared "that if England had a steady metallic currency, the body of the population would remain unoppressed." Whether this is true in its full extent may be doubted; but certain it is that her stock and banking systems have proved the greatest engine of oppression in the administration of her Government. Without the facilities which they have afforded of taxing future generations to minister to the ambition and unholy passions of the present, it never could have waged its unrighteous wars—never could have entailed upon the English people a debt of £800,000,000, to pay the interest on which, is crushing her laboring people into poverty and the grave.

This enormous debt, sir, with all its attendant evils of pauperism, crime, and distress, is but one of the legitimate fruits of the connection of bank and State. Before its establishment, it is matter of history that "loans were contracted only for short periods, assigning funds to redeem the principal and interest." To relieve Government from this wholesome check, and the embarrassments of wasteful expenditures, the Bank was established; and as the expenditures and debt of the Government have increased, the power of the Bank has expanded, until it now exercises a controlling influence, not only over trade and commerce, but over the Government itself.

Is it a sufficient answer to all this to point us, as my colleague has done, to the power, wealth, and dominion of the British nation? Sir, what avails it that she has "become the queen, not of Europe only, but of Asia," while millions of her population are dying of starvation in the East, and millions more, on her own proud isle, are reduced to the very point of starvation, to enable the privileged few to roll in splendor and riot in luxury, but to show us, in characters of living light,

"——— How wide the limits stand
Between a splendid and a happy land."

Like causes will produce like effects. It is the natural operation of our banking system to accumulate wealth in masses. Both as a principle of taxation and distribution, it is unequal and unrighteous. Already has it disturbed the natural order of society—already has it divided our population into classes, the unprivileged many and the privileged few, clamorous for the spoils of industry and the control of Government; and unless it is arrested in its career of conquest, our Government will degenerate into a moneyed aristocracy, and the degradation and suffering of the English laborer be the fate of our own.

It is due to the laborers, if to no other portion of our people, that the connection between bank and State should be severed. Too long has it given an undue ascendency of privilege over right, and of capital over labor, in the legislation of our country. Too long has it extended its sanction and a shield of protection over the wrongs and the outrages, which the system has inflicted upon the laboring community. They are entitled to higher rewards of industry, to more ample protection, and to a fuller enjoyment of their rights, than has yet been secured to them by the laws of their country.

I do not say, Mr. Chairman, that there should be no paper and no credit; but I do believe that there should be no paper of denominations to expose labor to the loss of its earnings, and no monopoly of credit to render it tributary to its exactions. What is wanted is a stable and uniform currency. None other can secure stable markets; none other can secure to labor the fruits of its earnings—or be the true representative of the amount of value intended in the transfer of property or services. It is essential to secure justice between contracting parties, between debtor and creditor, between employer and employed.

And it is one of the greatest recommendations of the measure under consideration, that it will render most essential aid in the attainment of these important objects. It will give more uniformity and stability to the currency by infusing more specie into it. It will not only check overissues by the amount required in the receipts and disbursements of Government, and by withholding its mark of "*good*" upon bank paper; but by creating a constant demand for specie it will bring paper to the test of convertibility, and thus compel banks to keep their issues within safer limits to meet such demands. And as far as it does this—as far as it infuses more specie into the currency—I have high Whig authority, the testimony of Mr. Gallatin, that it will check violent expansions and contractions, and operate beneficially upon the banks and upon the currency at large. The following is an extract from his "Considerations on the Currency and Banking System:"

"We have had an opportunity to witness in France the salutary effects of a currency consisting principally of the precious metals, not only in cases of great national difficulty, but also for the specific purpose of reinstating a bank momentarily endangered by overissues of paper. But we prefer referring to the evidence of a very able and practical witness, who was also

deeply interested in the issue, and we will extract this from the work of another distinguished and practical writer, (Tooke on Currency.)"

"Of the comparative facility with which the coffers of a bank, which has suffered too great a reduction of its resources by imprudent issues of paper, may be replenished out of a circulation, consisting in a great proportion of coin, notwithstanding a coincident demand for large payments abroad, a strong instance is afforded in the case of the Bank of France, in 1817 and 1818. The circumstance is thus stated in Mr. Baring's evidence in March, 1819."—*Vide Report of Lord's committee on the resumption of cash payments, p.* 103.

"Speaking of a drain which that bank had experienced, he says:

"Their bullion was reduced, by imprudent issues, from one hundred and seventeen millions of francs to thirty-four millions of francs, and has returned, by more prudent and cautious measures, to one hundred millions of francs, at which it stood ten days ago, when I left Paris. This considerable change took place since the first week in November, when the amount of specie in that bank was at its lowest. It must, however, be always recollected, that this operation took place in a country, every part of the circulation of which is saturated with specie, and, therefore, no inference can be drawn in favor of the possibility of so rapid an operation in this country, where, owing to the absence of specie in circulation, the supply must entirely come from abroad; for in Paris, though some portions may have come from foreign countries, the great supply must undoubtedly have come through all the various small channels of circulation through that kingdom."

"Again, in the same evidence, page 105:

"*Q.* Has not France, after two years of great scarcity in corn, and two years of foreign contribution, been able to contribute a proportion of the precious metals to the wants of Russia and Austria?

"*A.* Undoubtedly, the precious metals have been supplied from France to Russia and Austria, and shipped, to a considerable amount, to America, notwithstanding the payments to foreign powers, and very large payments for imported corn; whilst, at the same time, wine having almost totally failed for several years past, they were deprived of the most essential article of their export."

"And in reference to these payments, in the preceding answer, Mr. Baring states that they 'produced no derangement whatever of the circulation of that country, (France.)'

"It may not be unimportant further to remark, that the state of the currency in France, ever since the suppression of the assignats, appears to be decisive of the great advantages attending a metallic circulation, in times of political difficulty and danger. On no one great occasion did her efforts appear to be paralyzed or even restricted, by any derangement of the currency; and in two instances of her territory being occupied by an invading army, there does not appear to have been any material fluctuation in its value."

This measure will thus secure to the manufacturer two things, among these most essential to the success of his business. In the first place, it will preserve inviolate the constitutional specie standard of value, and hold it up as the true measure in the business transactions of the country. And there can be no portion of the business community who are more interested in the preservation of this standard, in its purity, than our manufacturers, as there is none which has suffered more through an unstable and fluctuating currency. It has rendered their business one of great hazard, and ruinous uncertainty. They want, what this bill proposes, a fixed measure—a stable currency—to enable them to determine whether they can manufacture at profit, and a uniform one, to secure full returns of profit.

In the next place, it will operate beneficially by checking excessive importations. As it creates a demand for specie, in that proportion, it will prevent its exportation for the purchase of foreign fabrics. It will also withhold the public revenue from the merchants to make importations with. Under the deposite system the revenue is often both an effect and a cause of overaction. It forms a basis for discounts to merchants. Each new discount furnishes additional means for new importations; and each new importation furnishes in turn new deposites, and thus the process of inflation goes on, until the deposites are called for, or the bubble bursts. In proportion to the tendency to overaction, are the means furnished for over importations. The people's money is added to the merchant's to aggravate the evil. But under the proposed measure, the public revenue cannot be loaned out to stimulate over importations. Whenever overtrading commences, specie will begin to accumulate in the vaults of the Treasury, until it forces the banks to withhold accommodations, and thus to check the tendency to excess, and prevent foreign goods from being brought so extensively into competition with our own.

This measure is thus clearly calculated to benefit the manufacturer; and, what is also important to the interest of the laborer, to enlist the banking and commercial interests in favor of an economical Administration—in favor of confining expenditures to the necessary wants of Government.

It thus appears to me, Mr Chairman, that the President, in recommending this measure, has not shown himself opposed to the interests of the laborer and manufacturer, but their true, firm, and enlightened friend. He has shown himself for protecting labor by recommending the enactment of equal and wholesome laws; and for elevating the laborer, by giving him time for mental improvement. These are no less the rights of the laborer than essential to his highest well being. He cannot rise to his proper station while fettered by partial laws, and borne down by heavy burdens. There must be equality of legislation—there must be time for mental improvement—to secure to him the fruits of his labor and the blessings of freedom. Goldsmith says—

"'Tis true in every soil,
'Those who think will govern those who toil."

And such will be the case if the opposite policy is allowed to prevail. But let the laborer have time for mental improvement, as the President recommends; let manual and mental toil be united—let them keep pace together—let them be joined in indissoluble bonds; and then those who toil, as of right belongs to them, will be governors instead of the governed. Thought, sir, is the magic lever by which individuals and communities are moved and controlled. Develope the most thought among laborers, and the empire of the world is theirs.